



Factory Management Institute

# Factory Management

Volume 1 - V1.4

**The Corporate Constitution and  
Management Framework.  
Leftware and Rightware**

*Koichi Kimura, Japan-2016*

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## Introduction

Dear friends.

In these series of publications I will describe the concept of the Factory Management.

And as a first description, I developed the total framework of the Management through the techniques, the elements available for management and the "Corporate Constitution" as the basis for all of this.

Also, I will talk about the balance between works of the two cerebral hemispheres. I always recommend the management model that exploits both right and left brains.

Thus, the left brain manages logical thinking, figures, techniques, as well as management elements.

On the other hand the right brain is responsible for creativity, sensitivity and kaizen mind, teamwork. It is a gregarious body that encourages the participation of all people.

In this description I call both fields of brain thinking as Rightware, for the working mode of the right hemisphere and Leftware, to the way in which the left hemisphere works.

There is a renamed sentence:

*"When the accountants get together, they talk about the history of the numbers.  
And when the engineers get together, they talk about dreams"*

For Factory Management, both ways of thinking are relevant, as well as the elements of the Basic Factory Management Framework that I will describe later.

In this series I have asked for help to my Spanish friend, Eduardo L. García, to edit, adapt and translate into Spanish.



## Basic Factory Management Framework

First of all, I present the complete figure of this management concept that I show in the sketch on page 14.

Within these series I would like to highlight the relevance of Factory Management following the concept commonly known as "Lean Management". I will also explain each of the elements that make up the "Basic Factory Condition".

The map shows two zones: **Rightware** and **Leftware**.

I will describe the concepts detailed below, but firstly let me explain both briefly.

The first thing would be to mention that these words are coined by me and are not listed in the dictionary.

### **Rightware and Leftware:**

- Within the **Rightware** category (Page 17) is the Corporate Constitution: Backbone of the Company or the Operating System on which the rest of management have to work.
- Within the category of **Leftware** (Page 41) are the techniques of management, production and control. That is, what is meant by Lean-Tools.

And I would like to present the methods of "Factory Management" through the presentation of the concepts of Basic Factory Management, which are in the area of the Rightware plus those tinted in Gray-Dark.

When I teach the concept of Factory Management I also teach the importance of developing both concepts: Rightware and Leftware correctly balanced

Leftware encompasses many of the techniques like: TPS, TPM, TQM, 6Sigma, etc. These correspond to theories and thoughts traditionally associated with the left brain.

On the other hand, Rightware is rather associated to thinking and moral Kaizen, motivation visualization, etc. Which are part of our sensitivity and perceptions associated to the right brain.

Balanced use of both brain parts is relevant for proper management and pursuit of excellence.



## Experiences and Mistakes

I hate to mention my personal experience, however, they are going to be fulfilled 48 years at 2016, in which I have run in the manufacturing management field (Manufacturing-Gemba), which include 17 years of experience as an internal consultant for my old Company, also in foreign countries.

Through my experience in SUMITOMO I learned many things besides Factory Management, but also I learned great truths and many more knowledge from the experiences in many different countries.

Even outside of these experiences, what I have been most grateful to learn is the relevance within Corporate Construction of, for instance, the habit of allowing the mistake in the work, although never the repetition of the same mistake.

I have had many successes in my previous company, although, on the other hand, I have committed many more failures than successes.

Through failures, rather than experiences gained through success, I have been able to learn many more things.

To refer to an example, I will tell you my story about a failure that will serve as a useful reference.

Thus, I will tell you my experience on the basis of the importance of assuming failure as a positive custom, through next story.

### **This is the story:**

When I was a young production engineer, I made a big mistake, an unforgettable failure.

At that time, I was developing an idea that was required as a young production engineer. He was also preparing his presentation and detailing the savings that this idea would imply, once put into action.

On that occasion, I create a revolutionary system to develop the production line and thus, made a fantastic implementation planning.

I got a good evaluation of my idea through a good presentation. And so I got the budget necessary to get it running.

For this application, I developed a large machine supporting myself on a great machine manufacturing company. All based on the implementation plan I had made.

The problem appear just before one month to date of Machine delivery.

I found a mistake in the presentation, just about the calculation of the Break-Even Point.

The required level of performance, which was the basis of the equilibrium point, was erroneous.



As a result, calculations of the final specifications were also wrong and supposed benefits that I had compromised to obtain, even when the machinery had already been delivered, could not be met.

Neither the Manufacturer Company nor My Team carefully reviews the specifications and calculations in the final stages of the implementation decision.

During that month I seemed to be in hell. In addition, I found an additional error in the detailed manufacturing blue-prints of the machinery manufacturer

I was desolate. Furthermore I condemned my company to refuse delivery of the machinery.

As a result of the disagreement, it was decided that the Manufacturer Company should not compensate my company for the error committed in the Blue Prints.

I received the reprimand from my section chief for the following:

1. Insufficient degree of specification.
2. Mistakes in the specification.
3. Did not consult the problem during that month.
4. Generate a loss to the supplier: The machinery manufacturing company.

These failures generated two important lessons that still remain in my heart:

1. One of them is the generation of a "loss to the manufacturer company". My superior severely condemned me for this loss. Although no economic loss was generated for my company, it was very severe emphasizing this loss of the manufacturer company.

Why?

In SUMITOMO there is a motto: **JIRI y RITA**<sup>1</sup> (I wrote about them in Making-Stream-of-Production-5). Its meaning is that the customer-supplier relationship must be "Win-Win". Generating a loss to the manufacturer company goes against the company's motto: JIRI & RITA (Win-Win<sup>2</sup>).

A few days later, my CEO and I visited the manufacturing company to offer compensation, but the company politely declined our offer and preferred to continue our business relationship.

---

<sup>1</sup> Riji-Rita (Jp. 自利利他): Benefit yourself by benefiting others: In addition, practice for yourself and practice for others. An ideal of Bodhisattvas of the Mahayana. The Bodhisattvas - Bodhi ("supreme knowledge", enlightenment) and sattva (self) - are those who seek enlightenment for themselves and at the same time strive to instruct others, leading them to enlightenment. "To benefit oneself" means to dedicate oneself to the Buddhist form and thus achieve growth and personal gain. Ultimately, it means striving to attain enlightenment. "To benefit others" means bringing benefits and eventually enlightenment to others. These two types of practice are mutually supportive. That is, the practice of self-benefit leads to benefit others, while practice to benefit others leads to self-development and self-benefit.

<sup>2</sup> Win-Win: Win-Win concept was proposed by the psychologist-humanist Thomas Gordon, disciple of Maslow, and it uses the dynamics of groups. Some consider it is the new golden rule in the area of negotiation strategies and conflict resolution: "It is a coordinated action or negotiation that benefits both parties and assumes that 'the other' is not an opponent, but a collaborator".





2. Another is also one relevant sentence from my superior: "Never be discouraged by failure. My biggest concern is that you will atrophy your innovative and challenging spirit".

My failures and mistakes were allowed or forgiven, but the story does not end there:

My superior, the Section Chief, was severely repressed by the General Director in the following terms:

1. One of them was the failure of this project in which we tried to introduce a revolutionary idea. This revolutionary idea being the core of our annual plan for improving results. The annual improvement plan have to be achieved. Therefore we need to create additional and alternative ideas to recover the plan for the improvement.
2. Another point was that my superior managed me wrong and caused my ruling. The reprimand of the director was as follows: "A responsible like you undermines the potential of young people"

I could understand the first point and its reasons, but, at that time, I could not understand the reasons for the second reprimand and its words "A responsible like you ..."

Many days later, when I got the position of Engineering Manager, with the same subordinates, I was able to understand this sentence and actually the mission of the Manager.

- The most relevant mission of a Manager is to guide his subordinates towards success. And with this mission, he must educate, motivate, support and communicate properly with his subordinates.

I will describe detailed the Mission of the Manager in the column dedicated to Motivation

My previous company had the habit or rather the culture of allowing failure, not so repetitive failure. That culture generates a long life expectancy of the company.

We will see, later on, that a long life expectancy of the company is necessary to achieve excellence.



## What about SUMITOMO's Corporative Lifespan.

At 2017, my previous company; SUMITOMO Wiring Systems, one of the parts of SUMITOMO Electric, will celebrate a century since its founding.

When the company was founded, it took the name of TOUKAI Electric Wire, using capital from SUMITOMO Electric.

When I joined the company, the name was TOKAI, and it was actually a small local company that just started working with TOYOTA, following a purification or education ceremony by Mr. SUZUMURA and his group. The name of the company was still TOKAI and we were about 500 workers.

In 1985 the parent company allowed us to use the name SUMITOMO and the brand changed to SUMITOMO Wiring Systems.

Nowadays this company has grown and continues growing up to becoming a large company within more than 250,400 workers worldwide.

What is the driving force behind this growth? Would be Successful Strategy or Management Capacity, Capitalization or maybe Good Luck?

I think all of these ones, but I think it is necessary to emphasize that one of the main reasons for success is Philosophy and Business Culture.

I could really learn and improve in many technical and corporate construction facets. There are still many stories of errors that I tell later.

## Management Framework

In this first column of the factory management I would like to present the total framework of this technique and associated control and management system.

I suggest considering the Rightware and Leftware concepts in Factory Management.

On that way, the management framework consists of two parts.

One of them is Rightware and another is Leftware. The Production Management Technique Map and Production Technique respectively.

1. **Rightware** or what I also call "Corporate Constitution" (The basic operating system of the company or Constitution with the meaning of Law of Laws, on which the rest of the management system is based)
2. **Leftware** is the area that includes management techniques and control elements.





Likely terms Righthware and Leftware will not be very familiar for you, because of that I try to explain the relevance of these concepts a little more.

Please take a look at the picture on page 14. It describes the Factory Management method. And please understand that those words do not exist in English and are from my own devised.

Initially I used the words Software and Hardware but they are more associated with computers. I also weighed using Right and Left, (Righth & Left) associated with each of the parts of the brain.

Finally I preferred to create two new words, such as Rigtware and Leftware, thanks to the flexibility of English, are better associated with the class of concepts that develop each one.

*Flying-Notes from Master Kimura.*

## The evolution of consulting services

I feel that there is general interest in the transition about the consulting activity and customer requirements.

Initially, the requirements were: Quality Improvement and Productivity Improvement.

But the trend has shifted after the border surpassed in 2000 to higher levels such as TQM and TPM.

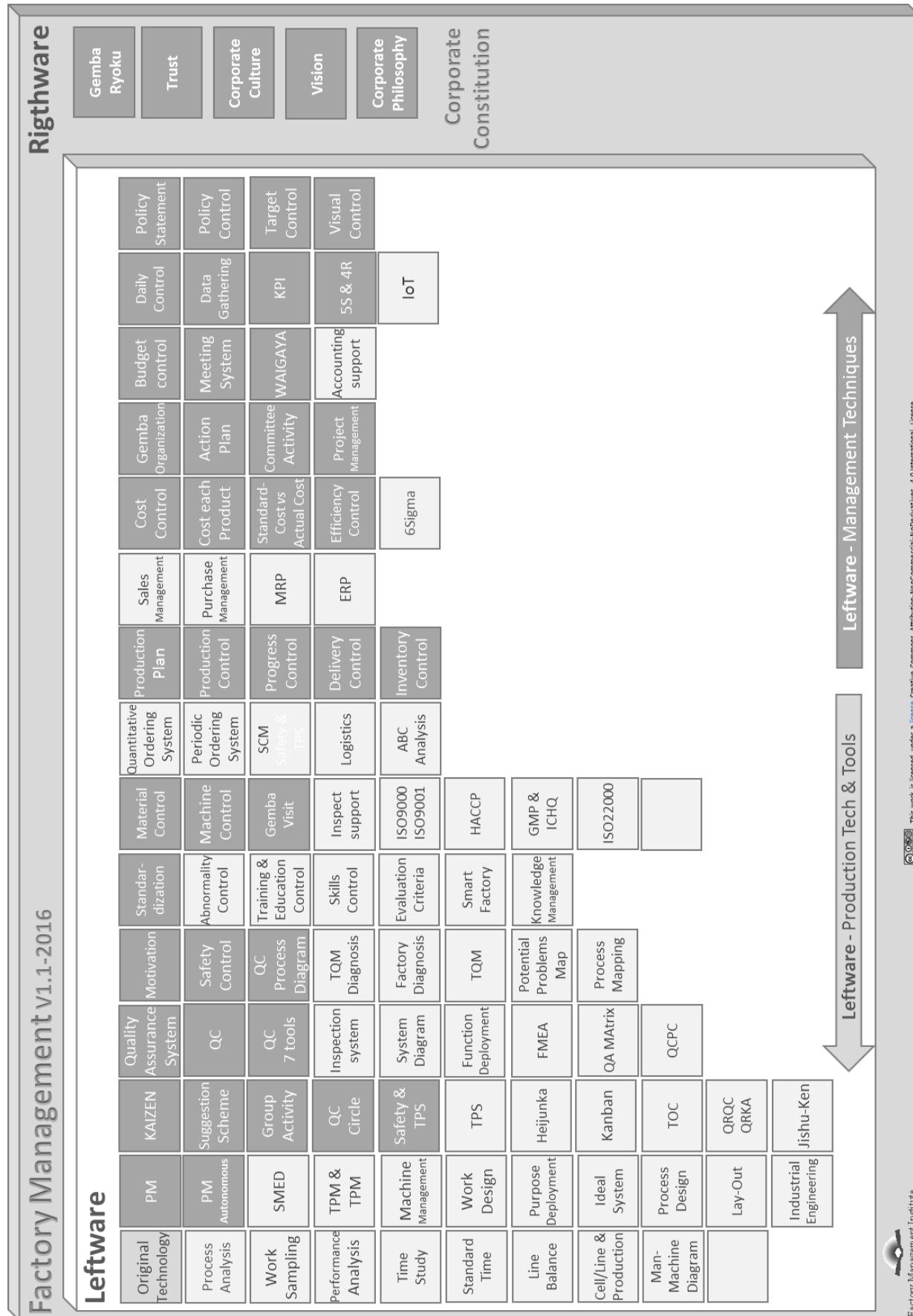
The TPM requirement was initially "Total" Preventive Maintenance but has now been changed to "Total" Productive Maintenance. Obviously both are different.

In addition, since 2003 the requirements of Lean, TPS deployment have been increasing. The transition is still interesting. And now, many customers and all Tom, Dick and Harry requires productive Lean methods and Lean Management.

### **The word Lean is fashionable.**

This phenomenon is not bad, as it expands the TPS, TPM, TQM and Kaizen technique. In addition to his contribution to industrial improvements and the Japanese method, as a tool of thought.





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## Different work for both right and left brain

As you know, humans have two distinct parts in the brain and they are associated with different tasks.

The right brain is associated with creative elements and feelings while the left brain handles abstract and theoretical thinking. Both are needed in the concept of Factory Management.

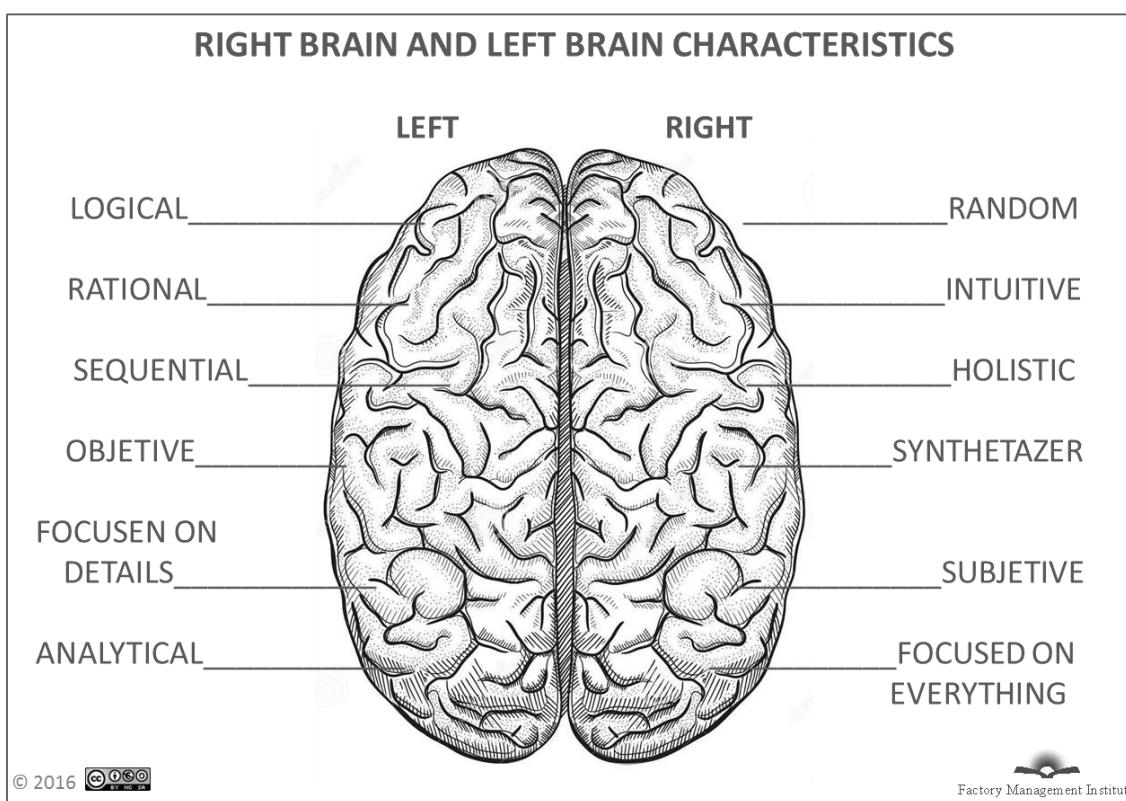
Recent research has concluded the way in which the brain learns and it turns out that everything is closely related to emotion, rather than memorization or the typical class in which reading or speech is the protagonist.

For the acquisition of novel information the brain tends to process data from the right brain. This hemisphere is related to intuition, creativity and images.

These recent research shows that the brain learns first by motivation, then attention and finally puts memory into operation. The brain is an organ that learns, above all, by interacting with other people.

Leftware zone is made up of all the Factory Management Tools.

There are many more tools and methods of factory management than I have put on the chart. Although I do not describe all of them, I explain some ones that I consider to be the basic nucleus.



## The Factory Management Checklist

I was recently required to advise on the ability to succeed in implementing Lean-Management by a small group of companies. And I always recommend checking the current capacity of the company through the Checklist I have already published: "Factory Management Checklist".

The Checklist consists of these 11 categories:

1. Policy Control.
2. Organization and Administration.
3. Human Resource Development.
4. Collection, Transmission and Use of Information.
5. Standardization.
6. Cost Control.
7. Factory Control.
8. Production Control.
9. Material Control.
10. Quality Control.
11. Safety and Work Environment Control (H&S- Health & Safety) and Environmental Protection (Environmental Protection)

Based on this checklist it is possible to diagnose the level of management of the Corporate Constitution and the actual level of Management.

These 11 points are the essential elements and they should not forget in development of Factory Management. Furthermore these elements are expressly essential for the development and introduction of Lean-Management.

Any company with a rating lower than 75% should make more efforts to improve Factory Management condition, than making efforts to introduce the methods and tools known under the name "Lean Tools".



# Rightware

The area represented by the Rightware is constituted by that I call "Corporate Constitution"

When I do a reading of Factory Management, I had often used words like Software and Hardware, although I now prefer Rightware and Leftware.

Inside the chart on page 14 I have included these two categories: Rightware & Leftware.

The figure shows the elements of the Factory Management in the area of the Leftware and the elements of the company backbone or the Corporate-Constitution within the zone that I call Rightware.

There are 5 items in the Rightware zone:

1. **Corporate Philosophy:** Values and Mission.
2. **Vision:** The True North Star.
3. **Corporate Culture.**
4. **Trust (Confianza).**
5. **Gemba-Ryoku:** Gemba-Power or Empowered.

There are many cases of mistakes when introduction and stability failures caused by the gap between the actual level of the company of Factory Management and required level of TPS, Lean or TPM or any of the ways you want to call the technique to be deployed. Also the lack of understanding of the techniques and, of course, the lack of vision over the Rightware part.

Again, we have to define the content of Rightware as next: Philosophy, Culture and Vision of the company, added to the Trust that the company should generate and Gemba-Ryoku.

And if we lose any of these in the way, it would not be possible to introduce and stabilize any of the techniques, nor expect any improvement in the company.

Then, introduction of these systems requires, not only a certain level of Basic Factory Management, but also the effort to have constituted what is the Rightware or that I call too "Corporate Constitution".

Thus, the introduction of, for instance, TPS does not complement the essential basis of the Corporate Constitution.

It is also true that the renowned Lean-Institute now seeks to complement the essential basis of this condition in its education. Into this education, the basic pillar is TPS under the name of Lean Management System.



### *Flying-Notes from Master Kimura...*

## Japanese as way of thought

I have mentioned that Lean Thinking is a concept with a distorted image. However I am not particularly bothered by the Lean concept, because Japanese, as a form of thought or mental state, has been interpreted, mainly by the Americans of the USA, as the embodiment of rationalism and, in fact, I put it in high value on the Concept that:

"The main idea is to maximize the value delivered to the customer, while minimizing waste. Simply Lean means creating the highest customer value with the least possible resources. And to maximize the value delivered to the customer we must minimize the waste in our process"

Text extracted from the Lean-Enterprise-Institute Web page.

It really is a good example of Japanese Thought or Japanese as thought.

After the Second World War (about 1950), there was a very popular word in Japan, which was:

**"Okyaku-sama Wa Kami-sama Desu"**

**Okyaku-sama:** Customer.

**Kami-sama:** Gold.

As you may suppose, the meaning of this phrase is somewhat similar to "**Appreciate your Customer as Gold**"

Of course, this thought had already existed for a long time.

Inside the contents of this education about TPS appear some parts of the "Leftware". And I dare to suggest, moreover, the need to include the Rightware part as an adjunct to education in the Basic Factory Condition.

Therefore, I strongly recommend to diagnose the level of factory management using my Factory Management-Checklist, prior to any attempt to introduce any Lean-Tool. And if the level determined by the list does not reach 75%, I recommend company to re-establish the level of Basic Factory Management including the Rightware part.

So for now, please leave for a moment any Lean or TPS idea and think about the Basic Factory Condition required by the company.

The main reason for writing this column is that it is always a good idea to consider and re-establish or even establish the Basic Factory Management condition. Thus, I would like you to redirect your attention, not only to the typical tools we associate to Lean, but also to establish an adequate level of factory management and its essential elements.



## The Factory Management framework

For managing a company, there are, therefore, two basic concepts: Rightware, which constitutes the Corporate Constitution. And Leftware, which is constituted by the techniques of Management and the Strategy of the company.

In these series I do not detail the concept of the Strategy, which I do not include finally within the concept of Factory Management.

*The purpose of **Factory Management** is to create a necessary continuous flow of benefits through the exploitation of Management Resources under the **3S** condition: **Customer, Worker and Society Satisfaction.***

The Management Resources would consist of:

1. Workers (People),
2. Machinery and Equipment,
3. Materials,
4. Capital and Liquidity (Cash),
5. Our level of Know-How, Human Resources and Intellectual Property (Goodwill)

There is usually an apparent conflict between 3S and the natural goal of generating benefits. However, one of the purposes of the company is continuity through a long life expectancy (Lifespan). To ensure this continuity, certain level of benefits is essential and yet we also require certain level of 3S compliance.

We need certain level of 3S compliance to ensure long-term continuity:

### 1. Customer Satisfaction.

Why is essential to consider this "Customer Satisfaction" as the main goal for the survival of the company is unnecessary to explain.

However, it is convenient specifying that the Customer is considered, in addition to the final recipient of our products or services, is also considered as the recipient of any product or service within our process whether industrial or not. That is, the next step in our production or management process, whatever.

Thus, into an expedition department we will consider as The Customer, not only the final customer of the company, but also the transport agency that have to carry and transport our merchant, document, or whatever.

And a finance department may consider as a Customer any supplier to whom it makes a payment for an invoice or negotiates the way for payment, in the manner of JIRI and



RITA (Win-Win). Or even Human Resources department may consider each of the employees as Customer when they issue a payroll or carry out a training plan.

Finally for the Board of Directors and Management Directors, the Customer may also be considered the different elements that interact with the company: Government, Law and Tax Agencies, Banks, etc. Not so the shareholder of the company that is considered in another category.

## 2. Employer Satisfaction.

In these series I also write about the Motivation of the Worker. This motivation is based on participation by all, including management and is the foundation of Kaizen, Gemba Ryoku (Gemba Force, Gemba Capacity), leadership and teamwork.

**Gemba-Ryoku** is the autonomous nervous system that manages activity and organization. The result is the ability to create, maintain and develop a new condition over the already established.

The concept of Employer Satisfaction and Motivation Management are the firsts to be called upon to prioritize in the "Culture of Change"

## 3. Society Satisfaction.

A company or business cannot expect long-term continuity if it cannot win the affection and acceptance of society. And vice versa: A company cannot gain acceptance from society if it does not have a long-term project.

The society also includes the natural environment, the socio-economic environment and all kinds of interactions that the company exerts in its field of natural action.



*Flying-Notes from Master Kimura...*

## A real example of motivation through beautification:

Some time ago, when I was doing consulting work in a Mexican factory, I promoted an activity based on the continuous beautification of the factory with the purpose of raising the general mentality towards participation by all in factory management.

The minimum requirement was the use of plants and fresh natural flowers, in addition to a very limited budget.

Initially proposal generated discomfort. But gradually, the activity was expanded, too, to the lavatory and services. Each section and production line had to specify the rules for maintaining the care of plants and flowers.

Everyone appreciates natural plants and flowers and everyone knows they require attention and maintenance, just like machinery.

Some workers suggested that natural plants and flowers be replaced with artificial equivalents. But I rejected this suggestion because apparently artificial flowers do not need maintenance and would soon be covered by dust and dirt.

Natural fresh plants and flowers require maintenance by their owners, but do not by departments created for that purpose as "plant maintenance department". There is no such department or staff, so they are, workers themselves, who have to carry out the first and most important phase of their total productive maintenance (TPM). The productive work of the plants is the beautification of the factory.

Thus, plants require attention and work, watering and daily care, pruning, fertilizer, phytosanitary treatments. So, too, fresh flowers require their weekly replacement and daily water change. They also require maintenance work under self-imposed rules and budget management.

So workers decided to continue the campaign of beautification using fresh flowers.

In this factory I taught the QCC (Quality Control Circles) after the beautification campaign. Thus, I could introduce the work in QCC gradually and without resistance.

At that time my consulting services were required by a US factory to introduce the Lean and Kaizen management and, as in the Mexican company, I recommend the beautification activity with fresh flowers. However, the owner did not think it necessary and asked me how this could encourage kaizen.

And let's talk him this way: "**The activity of cultivating Kaizen mind and fresh flowers in the rest area, cafeteria and machinery area promotes the ability to think for oneself and creativity.**"

The ability to think for oneself and creativity is mostly work in the right hemisphere and I always mention the importance of balancing the work of both hemispheres.



## Coporative Livespan (I).- What and How.

Classic questions are: What characterizes an excellent company, as well as, why do we want to introduce, for instance, Lean Management or TPS or whatever the name of our expected management system. And really, what do we want to introduce them to?

The answer to all these questions is simple and it is to pursue the objective of establishing the conditions to get an excellent company.

It is convenient to establish basic conditions that an excellent company have to achieve in order to define, from the point of view of the 3S, as mentioned above:

**An "excellent" company is defined by:**

1. *Continuous Benefits.*
2. *High moral in its members.*
3. *Long Life Hope.*
4. *Renown and Recognition*

I firmly feel an excellent company is defined, not only by its ability to generate profits, but also by its long life expectancy and awareness of continuity. That is, a long-term project.

By means of the apparent necessity of pursuing exclusively efficiency through the use of tools (Leftware) a company cannot reach the excellence nor guarantee its survival.

The basic requirement is to place the "toolbox" on a solid foundation, which can be built using concrete provided by Rightware.

On the basis of Rightware (Corporate Constitution) and building the Leftware (Factory Management Tools) can contribute to the improvement, development and survival of the company.

Using of Factory Management (Leftware) techniques, such as Lean Management, TPS, TQM or whatever, is important, but they are not as essential as Corporate Philosophy, Corporate Vision, Corporate Culture, Trust and Gemba-Ryoku (Rightware)



## How long can business life expectancy be?

On previous publications I have written that the average life expectancy of a company was 30 years. However, it has recently been shortened lately until the age of 25.

A US friend recommended a book entitled "The Soft Edge". Written by Rich Karlgaard. I was surprised by the title and wondered what a book with this title would contain.

My colleague offered to send me the book from the USA, although I kindly declined the offer because I do not have time to read it in English.

However, he detailed and summarized the contents of this book in an email with the following text:

*According to the book, the number of companies that survive more than 25 years has fallen by 40%.*

*Thus, the average life expectancy of the 500 companies that make up the Standard & Poor's index has been reduced from 50 years to less than 25 years. And in less than 25 years the surviving companies will be reduced to a third. That is, another two-thirds will disappear.*

*Mr. Karlgaard presents two concepts: Hard Edge and Soft Edge. The first is made up of 5 elements: Speed / Action, Cost, Supply Chain, Transport and Capital Efficiency. The Soft Edge, meanwhile, is made up of Confidence, Sagacity, Knowledge, Teamwork and History.*

*This author suggests the image of a successful company with the following:*

- *The excellent company and the continuous success of the organization excels in both concepts: Hard & Soft Edge.*
- *To get the best performance possible, we depend on a skill balance between Hard and Soft in all circumstances.*
- *The Soft Edge is finally beginning to be recognized around the world.*

*A company that intends to endure in this globalized era with great changes, must excel in the Soft Edge more than in Hard Edge.*

*Today, many leading companies are plagued by extreme economies and shareholders tend to despise the high value of customers and workers. As a result of this, the sense of alienation and lack of trust are growing and many people do not feel that "The Work" could be interesting.*

*Mr. R Karlgaard gives importance to the 5 parts of the Soft Edge.*

In the mail exchanging with my US colleague, I have been able to understand this. So, my colleague recommends reading this book because of its orientation towards Japanese thinking.



Looking at the example from the above table, it is interesting and good news that an American, generally regarded as the embodiment of rationalism, publishes a book defending Japanese thought.

In my last column, I wrote the relevance of the Corporate Mission Statement. And it is very true that the Mission Statement is one of the essential bases of the company and part of the Soft Edge, according to the author. Thus the backbone of the company is the Mission, composed by the Ethics and Philosophy of the company or the Principles and Values.

However, more than twenty years ago that authors of the same country proposed Rigftware as the Corporate Constitution. The title of this popular book is "In Search of Excellence," written by Tom Peters and Robert H Waterman Jr.

In this book they suggested following 8 conditions of excellent company.

1. *A bias for action, active decision making - 'getting on with it'. Facilitate quick decision making & problem solving tends to avoid bureaucratic control*
2. *Close to the customer - learning from the people served by the business.*
3. *Autonomy and entrepreneurship - fostering innovation and nurturing 'champions'.*
4. *Productivity through people- treating rank and file employees as a source of quality.*
5. *Hands-on, value-driven - management philosophy that guides everyday practice - management showing its commitment.*
6. *Stick to the knitting - stay with the business that you know.*
7. *Simple form, lean staff - some of the best companies have minimal HQ staff.*
8. *Simultaneous loose-tight properties - autonomy in shop-floor activities plus centralized values.*

(Excerpt from In 'Search of Excellence')

In a simpler way, I would summarize them in the following two concepts:

1. **Having** a fast and action-oriented decision-making system.
2. **Having** a corporate culture that motivates, excites and enlightens the worker towards work.

This book was written based on surveys of 60 excellent companies of that time, such as DEC, Hewlett-Packard, P & G, Johnson & Johnson, Caterpillar, 3M, Marriot, McDonald, Dow Chemical, etc.

However, Wang (Digital and Wang) and DEC (Digital Equipment Corporation) have disappeared from strategic mistakes and differentiated market trends.

One of the essential conditions that a strong and excellent company must meet is continuity and survival. Thus, a company can survive and continue in the market only if it maintains the commitment with the 3Ss.



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## Corporative Livespan (II).- How Long.

Mr Karlgaard specific, that average life expectancy of companies is about 25 years.

**MMC** (Mitsubishi Motor Corporation <http://www.mitsubishi-motors.com/> ), of which I have spoken in previous publications, was established in 1970. In 2016, ie, after 46 years, its control was taken over by Nissan, after several of some unlucky facts<sup>3</sup>.

**TMC** (Toyota Motor Corporation <http://www.toyota-global.com/> ) was founded in 1933. It has accumulated 83 years to date.

**Honda** (Honda Motor Corporation <http://world.honda.com/> ) was founded in 1946 and is already 70 years old.

**SUMITOMO** retracts even more in time<sup>4</sup>

Worldwide, according to the revised literature, there are 5,586 companies that continue their activity after 200 years in a total of 41 countries, including: 3,146 in Japan, 837 in Germany and 22 in France.

And according to that same literature, the life expectancy of companies in the world is now around 22.4 years. This figure includes some developing countries, such as China.

The number of companies with a life exceeding 100 years in the United States is only 2 companies. No doubt because the United States is a still very young country, with only 240 years of history and founded in 1776.

A company must survive and sustain itself during the lifetime of its workers and thus contribute to society.

### Oldest company worldwide

SUMITOMO is not the oldest company in the world and although its history is really long, it has only been a little more than 400 years.

The oldest company in the world continues its activity for more than 1,438 years, that is, from 578 AD. The name is **Kongou-Gumi**.

**Kongou-Gumi** is a Japanese company dedicated to the construction and maintenance of temples and shrines.

And the motto (Declaration of the Mission) of the founding family was and remains:

1. Do the hard work of the Temple and the Sanctuary.
2. Drink moderately hard.
3. Do not do things that do not fit or exceed your ability.
4. Do the things that are for the people.

<sup>3</sup> Mitsubishi-Nissan-Renault alliance - October 20th 2016 Press Release: [http://www.mitsubishi-motors.com/publish/pressrelease\\_en/corporate/2016/news/detailga23.html](http://www.mitsubishi-motors.com/publish/pressrelease_en/corporate/2016/news/detailga23.html)

<sup>4</sup> The Sumitomo Electric Group <http://global-sei.com/company/vision.html>



This is the oldest Mission Statement. But the second motto "Drink Moderately Hard" is humorous. **Kongou-Gumi** was the group of carpenters. And carpenters are drinkers, or maybe.

I believe that it is not a modern enterprise concept and that a sixth-century mission statement is not appropriate for the present age. But such a family organization still exists.

In Japan there are 28,000 companies whose life is greater than 100 years and 7 companies with more than 1,000 years. The cause of the continuity and the long life of the companies in Japan is the Japanese corporate culture that gives importance to the Rightware (Soft Edge): Corporate Constitution.

Although in Japan also appear and disappear companies like **MMC**, logically also exists a selection promoted by the market and the society.

## Chinese Industry Example (i of iv)

I was recently required to participate in a videoconference discussion with a group located in the United States under the theme: "Developing the excellence of The Chinese Company".

Good title under which a complex development lies. The question should be What is the reason why Chinese industry does not evolve into a first-class?

China has evolved to the second position in GDP and is called "The Factory of the World". But still Chinese industry is second-class and has a short life expectancy. Both consequences come from the same root.

President Xí Jínníng recently proclaimed the Politics of the 4 Modernizations. And within them, is the policy of Industrial Modernization.

A Chinese Media (廣州 日報) published a column and inside it they named a quote from a document written by Professor Li Jiangwei:

"The average useful life in China of private enterprises is 2.9 years; For Small and Medium-sized Enterprises it is 2.5 and for Big Companies of 7 ~ 8 years, not counting state companies, denominated Zombie, also considered dead. "

For a week we discussed and listed the points of improvement needed in a brainstorming session and its proper record. Before I started this session, I told them that I am not an economist, but a Gemba Specialist. Despite that, this team asked me for my opinion from the point of view of the Factory Management.

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<sup>5</sup> Mr. Kimura note: In this internet- age it is really easy for me to attend conferences mainly because this reduces my business trips abroad. So my work of consulting and education has evolved and now I can do my face-to-face work with my students and clients very easily through teleconferencing via Skype.

## Chinese Industry Example (ii of iv)

All possible answers and problems were debated and investigated for a week and their opinions, although they may be more, are detailed below.

1. High percentage of labor force turnover. No expertise growing.
2. The scale of the factory. Little investment for R&D and cutting-edge machinery.
3. Businesses start without a competitive advantage, except for the trend of the present time.
4. There is some parts of the companies dedicated to resources, but there is no part dedicated to innovation.
5. There is no tradition of industrial innovation.
6. Poor ability in business management and factory management compared to cost.
7. It is really complex to become an excellent manager in a pervasive corruption environment.
8. Private companies lack government support. Oligopolies, such as energy or banking, however, have full government backing.
9. Excessive tax burden on private companies.
10. Close relationship between the company and the government bureaucracy.
11. Reduced confidence in society. Poor general quality, inadequate compliance and excessive picaresque interpretation and compliance with the Law.
12. Low equity and high debt ratio.
13. The Founding Entrepreneur pursues the immediate benefit and strength to achieve the goal.
14. Poor administrative structure.
15. Daring diversification and business expansion.
16. Political erratic in terms of economic exchange with other countries.
17. Little initiative and imitation
18. Low level of motivation and belonging of the workers to the company.
19. Final assembly in industrial chain forcing the chain without giving the worker the option to decide on his work (Absence of **Jidoka**).
20. Lack of technique and training in skills for human relations.
21. Difficulty in preventing natural or human disaster.
22. There is no development of proprietary technology.

Unfortunately I was unable to attend this interesting brainstorming on an ongoing basis, because they did not keep the rule to be used in English. All members forgot this rule when the debate heated up.

I told them to please continue without me. Because I do not want to cloud the magnificent debate and when you consider the need for some input from me, please open the videoconference channel again.

I honestly was not interested in the above topics. However, after a week, in December 2015 and at the same time as the previous conclusions, I got a voice message that piqued my interest.

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## Chinese Industry Example (iii of iv)

In this message there were some name companies like Xiaomi, Foxconn, etc. Also the question of why China cannot win Novel Prize in the field of science on the occasion of the ceremony of delivery of the Novel awards of 2015.

They asked me for my opinion and I responded by appreciating their effort and frank self-criticism. Then I praised the detail in the writing of the list and above all, the consideration of the area Leftware. Although there is no element of Rightware.

The words Expert, Advantage-Competitive, Innovation, Originality and Technique all belong to the area of Leftware. But ... What force can create them? The answer is "Cultural diversity and transmission of culture and tradition".

Please understand, that in the management of the factory, Leftware pursuit is much easier than establishing the Rightware, which is, the backbone.

If a country were portrayed as a Company, the most serious fault might be Rightware area.

Of course, the area of Leftware is also insufficient and is far behind. Although for now China needs to pursue both faults.

Leftware can be completed from the outside with relative ease. However, the Rightware should be posed by China through hard work, after much time and patience.

Pursuing a new or effective Leftware is convenient and necessary. However, by following these techniques from the outside, El Chino cannot be the first because the competitors advance more, while El Chino pursues the innovator.

If the Chinese industry wants to be first class, it needs to evolve into creativity (right hemisphere). And to cultivate creativity, Rightware is essential because it establishes a framework on which to innovate.

If we replace "company" with "country", the five elements of Rightware are necessary, in addition to the first and most important precept that the Chinese Company should assume: "Cultural Diversity and Transmission of Culture and Tradition"

There are, however, some strong barriers that must be overcome by the political system. But if you want to achieve a world-class position and the confidence of the world, these obstacles must be overcome. So, I think China can get it, because it is the country of Confucius and Mencius.

At this time, the issue is quite large and relates to the government of his country. Then I must decline to respond on political or religious issues, because I process a motto: "I do not touch political thinking and religious thinking in teaching the management of the factory."

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## Chinese Industry Example (iv of iv)

The original theme of this group is "Development to the excellence of the Chinese company".

Why is Chinese company on the second-class? Why is the lifespan of the company so short?

To sum it up, I believe that if China continues its current management style, the company will not win the position of world-class or first-class enterprise.

The main shortcomings of The Chinese Enterprise are in the following:

1. Cultivation of the Managerial Philosophy,
2. Long-term vision,
3. Trust and Culture that are based on the 3S concept,
4. Cultural diversity and tolerance,
5. The climate to maintain culture (cultural transmission),
6. The flexibility to accept good things,
7. And Long-range Thought. (Eng. Think-Big)

### The example of Chinese company Xaomi

Xiaomi (<http://www.mi.com/en/>) was founded in China at 2010. The company known as the Steve Jobs Chinese. Could this company have a long lifespan?

This company is very young and has grown very quickly. At 2014, they were in the first position within the Chinese market and might have surpassed Samsung more over Apple. They were already in the fifth position worldwide.

But its core business, making "Their Smartphone" is in recession, harassed by **Huawei Technologies** and **OPPO**. Both companies are already above Xiaomi at 2016.

Their "strategy" and their strong point is to offer a high yield at very low price, although the appearance of the product is cheap.

It is remarkable that a company like this has caused a decline in prices and thanks to this type of companies many people in underdeveloped countries can use a "Smartphone"

Now this company is expanding its range of products towards home appliances and also towards laptops. They have recently acquired several home appliance manufacturing companies, such as **Ninebot**, **Midear**, etc., to strengthen themselves in this market.

Surprisingly, **Midear** acquired **Toshiba**'s home appliance manufacturing division. And that way it was done with its manufacture and its knowledge.



It is undoubtedly a phenomenon caused by a period of industrial transition and it is quite normal this type of acquisitions.

We are currently in a very dynamic period at this transition, in which the intense work is diverting to countries with lower labor costs. The most drastic example is Apple that has diverted its production to Foxconn and directly only designs and develops its "iphone".

Thus, buying cheap labor intensive is a natural trend of the industry.

The important thing for **Xiaomi** is whether this "strategy" and this series of acquisitions will complement his development towards an excellent company.

Maybe this company comes to consider this direction, but if not, what can we suggest?

One suggestion might be to increase creativity and strategically position yourself better with this line of action. But how can you encourage creativity? The answer is Rightware.

For cultivating Rightware part you need to spend a lot of time, but you need to start, even if the journey is long.

**Xiaomi** is an interesting example and I think it is appropriate to study it a little bit more

In the following images you can see that the company has a defined philosophy that they call: "Unique and unconventional business strategy". The Mission is defined by the phrase: "Just for Fans" and places numerical sales targets for the Vision.

The Mission is, and it should be, Ethics and Corporate Philosophy. The Vision must indicate our destiny or how we want to see ourselves in the future. Both of them have to be grown form the backbone of Rigthware.

**Xiaomi** is a very young company and therefore has no history or corporate culture yet.



### Development of Rightware:

This Chinese company should consider trying to imagine where they want to see themselves within 100 years to define the Vision. Obviously they cannot design a strategy for the next 100 years, it is not logical. But it is essential to consider the company's image, the Vision, as the backbone of the company.

Thus, the introduction of Leftware and its tools TPS, TPM, TQM, etc. They are not difficult to understand, but they are difficult to understand and remain in the factory without the well cemented Rightware base.

I should emphasize that if there is no history of working with the five elements of Rightware, no Leftware element can be established permanently.

Thus, in the work of consulting or coordination of continuous improvement in a company, not only is it necessary to teach and assist in the introduction of any Lean tool belonging to the Software (for example TPS or its equivalent as it is called by each company), but You should also help and prioritize the creation of Rightware at the corporate level.

I have to mention that without the backing of long-term management, Rightware cannot be established or consolidated. Then, neither can fix the Leftware, nor in the medium or long term.

#### Chinese Automotive Industry

China is prioritizing the automobile manufacturing industry. However, the technical and performance level and engine quality is 30 years or more from Japanese or European car manufacturers.

One of the reasons is that 30 years ago there were no automobile factories in China. In fact this delay is insurmountable due to the constant advance of the competitors.

In this way, the Chinese government bets on the development of the electric car and decides to bypass the technique of the gasoline / diesel engine. With this decision, it does aim to achieve the development of other countries. There are many other technical delays such as automatic driving system, safety technologies, lightness, batteries etc.

In the above mentioned discussion, the engine manufactured by the Japanese companies, obtains a high evaluation. Chinese manufacturers could achieve the current target, which was to increase the number of car sales, although they still have a large gap in engine performance and quality.

The reasons are that even GREAT WALL MOTOR CO LTD, with the longest history in China now turns 30 years. Therefore, it still has the lack of automobile manufacturing experience, skilled workers and designers. Additionally, China's culture prioritizes quick benefits: "first benefit and then complicate".

The purpose of the electric car is also strategic, in order to rely to a lesser extent on the import of Oil, although China is also an oil producer.



What is the relationship between the previous theme and points 4 and 5 of the Chinese company's shortcomings discussed earlier: "4.- Cultural diversity and tolerance, 5.- The climate to maintain culture (cultural transmission)?" We will see it with an example because the answer is widespread.

The key element missing in the **Xiaomi** is "Creativity and Originality". This is a problem of Chinese industrial enterprises and rely on Japanese, American or European technologies.

Why do I describe in so much detail the situation in China? The answer is not only the pleasure of changing opinions with my Chinese friends, but I think the Chinese case is a good example of the relevance and current lack of Rightware.

Recently GREAT WALL MOTOR CO. LTD has hired an important Japanese design director. Also, more than 100 Japanese engineers are working into the company.

But getting outside capabilities is a quick fix. However, this is also not the solution to the absence of "Creativity".

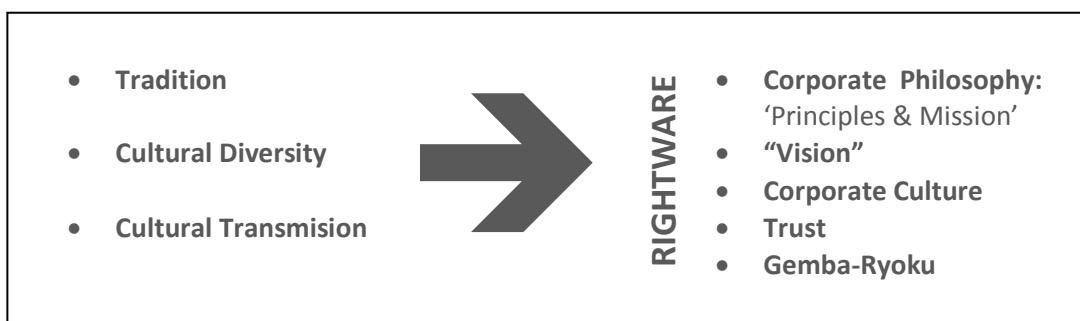
Without Rightware we cannot cultivate "Creativity" because there is no framework on which to organize or manage it within the organization and the talents can be lost, left or simply discouraged.

Particularly for China, the mentality of "Cultural Diversity and Transmission of Culture and Tradition" is a basic concept.

Actually my effort was, on that occasion, unsuccessful in explaining the importance of Rightware. My chinese friends asked me for a suggestion about their basic theme. And my suggestion was to discuss the theme of "cultural diversity and the transmission of culture and tradition".

Apparently we might think that we have not yet responded to the question of why cultural diversity, the transmission of culture and tradition is so closely related to business excellence?

However, to answer the question we must consider Tradition, Cultural Diversity and Transmission of Culture as elements that must be present in the 5 developments of the Rightware.



## Mission Statement in Corporate Philosophy.

The Mission Statement of a company, that is, its corporate Creed or motto, is very necessary. We will see why

In some cases, for instance in USA, Companies have a mission statement that is a bit atypical and even they do not have it. Many companies have a mission statement that stipulates the company's philosophy through concise and short phrases. However, I wonder how the situation is in Japan.

I believe that most companies have a declaration of their mission, however, I also believe that the mission statement of the Japanese company, with respect to that of the US Company differ.

I do not give my full trust to Wikipedia<sup>6</sup>, however, I think it shows the general thinking trend prevailing in Europe and the United States.

### Mission Statement in English from Wikipedia

A mission statement, a type of statement of purpose, is a statement which is used to communicate the purpose of an organization. Although most of the time it will remain the same for a long period of time, it is not uncommon for organizations to update their mission statement;[citation needed] this generally happens when an organization evolves. Mission statements are normally short and simple statements which outline what the organization's purpose is and are related to the specific sector an organization operates in.

Properly crafted mission statements serve as filters to separate what is important to an organization from what is not, clearly state which markets will be served and how, and communicate a sense of intended direction to the entire organization.[citation needed] A mission differs from a vision in that the former is the cause and the latter is the effect; a mission is something to be accomplished whereas a vision is something to be pursued for that accomplishment. Other designations of the "mission" concept may include "company mission, "corporate mission", or "corporate purpose".

The mission statement should guide the actions of an organization, spell out its overall goal, provide a path, and guide decision-making.[citation needed] It provides "the framework or context within which the company's strategies are formulated". It is like a goal for what a company wants to do for the world.

According to Dr. Christopher Bart a commercial mission statement consists of three essential components:

1. Key market: Who is your target client or customer (generalize if needed)?
2. Contribution: What product or service do you provide to that client?
3. Distinction: What makes your product or service unique, so that the client would choose you?

<sup>6</sup> Mission Statement Wikipedia: [https://en.wikipedia.org/wiki/Mission\\_statement](https://en.wikipedia.org/wiki/Mission_statement)



In Japan the word mission statement is described as the company philosophy, management philosophy, creed and motto.

Within this definition, the Philosophy of company and Philosophy of management are different in the strict sense of the word.

The contents of "Japanese company mission statement" are short and concise sentences that summarize the "Meaning of existence or the main reason of being of the company and the organization and are the spiritual pillar of the company and the employees. Say that the mission statement is the spiritual figure of company and the basis of corporate culture as corporate ethics, and must be universal.

And the content of the mission is:

1. Meaning of existence or the reason for being of the company and the mission. Related to employees, customers and society. Give importance to what are Customer Satisfaction, Employee Satisfaction and Company Satisfaction.
2. The sense of value of the organization and employees.
3. Mission Statement or The Company Philosophy, which is accompanied by the management philosophy that shows the "behavioral guidelines", the basic posture of management and way and methods to realize the philosophy of the company.
4. Corporate ethics, which gives importance, not only for compliance with the law, but also with corporate ethics.

Earlier I wrote that I felt that the declaration of the corporate mission of the Japanese company and the European or American company were different. Let's see some differences:

**Merck:** Provide superior products and services to society through the development of innovations and solutions that improve the quality of life and meet the needs of customers, give employee significant work and opportunities for progress, and investors a superior return.

**Microsoft:** One computer on every desk and in every home, with Microsoft software.

**3M<sup>7</sup>:** The people of 3M have a firm commitment to make life better and easier for everyone in the world. Our values:

- Act with honesty and integrity in everything we do.
- Satisfy our customers with innovative technology and superior quality, with our value and service.
- Provide our shareholders with attractive dividends through sustainable global growth.
- Respect our social and environmental environment around the world.
- Value and develop the talent, initiative and leadership of our employees.
- Win the admiration of all our partners and collaborators.

**Google:** Google's mission is to organize the world's information and make it universally accessible and useful.

Perhaps Google's mission is the more approximate to Japanese Mission statement than the US traditional one. And perhaps this might have something to do with its success.

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<sup>7</sup> . [http://solutions.productos3m.es/wps/portal/3M/es\\_ES/about-3M/information/about/us/](http://solutions.productos3m.es/wps/portal/3M/es_ES/about-3M/information/about/us/)



We now see some more complex mission statements from US companies:



# ONE FORD

ONE TEAM • ONE PLAN • ONE GOAL

**ONE TEAM**

People working together as a lean, global enterprise for automotive leadership, as measured by:  
*Customer, Employee, Dealer, Investor, Supplier, Union/Council, and Community Satisfaction*

**ONE PLAN**

- Aggressively restructure to operate profitably at the current demand and changing model mix
- Accelerate development of new products our customers want and value
- Finance our plan and improve our balance sheet
- Work together effectively as one team

**ONE GOAL**

An exciting viable Ford delivering profitable growth for all

**Expected Behaviors**

**Foster Functional and Technical Excellence**

- Know and have a passion for our business and our customers
- Demonstrate and build functional and technical excellence
- Ensure process discipline
- Have a continuous improvement philosophy and practice

**Own Working Together**

- Believe in skilled and motivated people working together
- Include everyone; respect, listen to, help and appreciate others
- Build strong relationships; be a team player; develop ourselves and others
- Communicate clearly, concisely and candidly

**Role Model Ford Values**

- Show initiative, courage, integrity and good corporate citizenship
- Improve quality, safety and sustainability
- Have a can do, find a way attitude and emotional resilience
- Enjoy the journey and each other; have fun - never at others' expense

**Deliver Results**

- Deal positively with our business realities; develop compelling and comprehensive plans, while keeping an enterprise view
- Set high expectations and inspire others
- Make sound decisions using facts and data
- Hold ourselves and others responsible and accountable for delivering results and satisfying our customers



**Vision:**

**People:** Be a great place to work where people are inspired to be the best they can be.

**Portfolio:** Bring to the world a portfolio of quality beverage brands that anticipate and satisfy people's desires and needs.

**Partners:** Nurture a winning network of customers and suppliers, together we create mutual, enduring value.

**Planet:** Be a responsible citizen that makes a difference by helping build and support sustainable communities.

**Profit:** Maximize long-term return to shareowners while being mindful of our overall responsibilities.

**Productivity:** Be a highly effective, lean and fast-moving organization.

“Our vision serves as the framework for our Roadmap and guides every aspect of our business by describing what we need to accomplish in order to continue achieving sustainable, quality growth.”



And now let's see some ones from Japan:

**Toyota<sup>8</sup>:** Guiding Principles at Toyota Established in 1992, revised in 1997:

1. Honor the language and spirit of the law of every nation and undertake open and fair business activities to be a good corporate citizen of the world.
2. Respect the culture and customs of every nation and contribute to economic and social development through corporate activities in their respective communities.
3. Dedicate our business to providing clean and safe products and to enhancing the quality of life everywhere through all of our activities.
4. Create and develop advanced technologies and provide outstanding products and services that fulfill the needs of customers worldwide.
5. Foster a corporate culture that enhances both individual creativity and the value of teamwork, while honoring mutual trust and respect between labor and management.
6. Pursue growth through harmony with the global community via innovative management.
7. Work with business partners in research and manufacture to achieve stable, long-term growth and mutual benefits, while keeping ourselves open to new partnerships.

**SUMITOMO<sup>9</sup>** Business Principles established in 1891:

- Article 1: Sumitomo shall achieve prosperity based on solid foundation by placing prime importance on integrity and sound management in the conduct of its business.
- Article 2: Sumitomo's business interest must always be in harmony with public interest; Sumitomo shall adapt to good times and bad times but will not pursue immoral business.

In addition, the Sumitomo Spirit also includes the following principles:

- Attaching Importance to Technology: Sumitomo's original copper business centered on the nanban-buki (foreign-style) refining technique that at the time was the leading edge of smelting technology. Emphasis on using the newest technology and actively developing new technologies has been a driving force in the development of Sumitomo business from its very beginnings.
- Respect for Human Resources: Discovering and nurturing superior human resources has always been the most important objective for managers, and the Sumitomo tradition that "people make the enterprise" remains in full force to this day.
- Long-Range Planning: The spirit of Sumitomo's business planning developed from the original copper refining operation's view toward long-term and continuous business. A

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<sup>8</sup> TMC: [http://www.toyota-global.com/company/vision\\_philosophy/guiding\\_principles.html](http://www.toyota-global.com/company/vision_philosophy/guiding_principles.html)

<sup>9</sup> SUMITOMO: <http://global-sei.com/company/vision.html>





realistic, long-term view of the future complemented by a wider perspective of country and society has guided Sumitomo managers for generations.

- Mutual Prosperity, Respect for the Public Good: Sumitomo's Director General Teigo Iba once said, "Sumitomo's business must benefit not only Sumitomo itself but also the nation and society in general." Sumitomo has always conducted business in harmony with the public interest based on the fundamental spirit of "gratitude toward society."

## Corporate Social Responsibility (CSR)

There is a tendency towards compliance with the concept of CSR (Corporate Social Responsibility) in the United States. Of course, this concept and the thinking it represents are also present in Japan.

In Japan it is understood that the Corporate Social Responsibility of a corporation has the responsibility to contribute to the society under the point of view of corporate ethics.

In the mission statement of the Japanese company, there are factors of business ethics and that of CSR.

The comparison of the philosophy of the company is very interesting. And as you consciously when you compare corporate philosophy (credo, motto) in Ford and Toyota, of course, are very different.

I do not compare with each other or establish which is better. However, there is a different trend between Japan and the United States / Europe.

## The relevance of Business Philosophy

Recently, very interesting but at the same time sad and disappointing news about what has been known as the "Panamanian Papers", as well as Volkswagen-related scandals, has been brought to light on the problem of the falsehood of exhaust regulation.

Another company that has been affected by this exhaust scandal is a Japanese company with more than 140 years of history: Mitsubishi Motors Corporation.

Personally I feel that they are very deplorable facts being related to companies or people morally and ethically committed.

In the "Papers of Panama" case there are more than 230 names of nationals of Japan and more than 20 companies of the same nationality. Some of these companies mentioned that "They did not do any illegality".

On the other hand the President of the USA. Barack Hussein Obama said that "in itself the problem is not the illegality of acts". But then, why did such immoral, shameful and unjust acts



occur? Is it possible that corporate philosophy and ethics have a single creed based on the prevalence of profit?

In Japan, Mitsubishi Motors Corporation (MMC) suffered such kind of scandal on 3 occasions. And we really questioned the position and corporate ethics of this company.

Originally, the Management Posture should be regulated in the Mission Statement.

In Sumitomo and in the education of the employees, the Sumitomo philosophy is taught very deeply and frequently. In the same way the mission statement must be shared by all employees (bottom to top) and should also be passed on to society and clients.

A mission statement is actually "The Meaning of Existence" and The Mirror of Ethics.

On August 1, 2015, the Special Investigation Commission investigating Mitsubishi's "The Problem of False Exhaust Regulation" published its 264-page report: "Prioritize Corporate Ethics rather than Profit"

And yesterday, August 23, 2016, MMC published his thoughts and promised to restore corporate ethics.

**Mitsubishi<sup>10</sup>:** Mitsubishi Motors has inherited the spirit of Three Principles\* (Sankoryo) of the Mitsubishi Group--Shoki Hoko, Shoji Komei, and Ritsugyo Boeki. In January 2005, we drew up a new corporate philosophy that both states the purpose of the company's existence and provides a clearer roadmap for its future direction. This corporate philosophy indicate guideline for all of our corporate activities.

\* Three Principles of Mitsubishi:

The Mitsubishi companies share a strong sense of corporate responsibility. That sense dates from the origin of the old Mitsubishi organization over 140 years ago. The most lucid and best known expression of Mitsubishi principles is a creed articulated by the fourth president of the Mitsubishi organization, Koyata Iwasaki, in the 1930s. Even after more than 80 years, the spirit and values of this "Sankoryo" remain alive and current today.

**"Shoki Hoko"=Corporate Responsibility to Society**

Strive to enrich society, both materially and spiritually, while contributing towards the preservation of the global environment.

**"Shoji Komei"=Integrity and Fairness**

Maintain principles of transparency and openness, conducting business with integrity and fairness.

**"Ritsugyo Boeki"=Global Understanding through Business**

Expand business, based on an all-encompassing global perspective.

<sup>10</sup> Mitsubishi Motors Corp.: <http://www.mitsubishi-motors.com/en/corporate/philosophy/philosophy.html>  
The Three Principles-MMC: <http://www.mitsubishi-motors.com/en/corporate/philosophy/principle.html>



## The Need for Mission Statement in Corporate Philosophy

I would like to present on this occasion a clarifying column written by the philosopher Takashi Uchiyama:

***Occupation (business) abandon humanity in its decadence.***

*I live in the country for many years. This spring has come earlier than usual.*

*In this year also the life of field develops immutable.*

*Life in the village is dedicated to unexpected forms. Field work, collecting edible wild plants, etc.*

*There are also many spring holiday events, community work (Segar, felling, etc.), and also recently several planning events on Saturday and Sunday.*

*And a very interesting point is that it is ambiguous that these events and the planning are the works or rather the life in itself of the town.*

*If it is said to be a job, it may be a job. If it is said to be life, it may be the village life.*

*In traditional society they all unite vaguely.*

*Work and life are unified. And related to these, the regional society and culture are formed. Faith and religion are also related to work.*

*It was the traditional way of life in the world.*

*However, such a combination of life and unified society is slowly destroying the detriment of modern society.*

*And the situation is changed to one in which work is work, life is life, culture is culture and society is society separately. For this situation, occupation is established independently of life, culture and society.*

*And in this change, the era of giving importance to the ethics of the occupation was born, when in the traditional society an ethic of occupation was formed in a natural way.*

*The thought of occupation was formed in general, due to an occupation was related to other elements (society, culture, indigenous faith and life).*

*Such a relationship in which the occupation contains these and was never allowed to destroy society. Thus life created the ethics of occupation in a natural way.*

*But, the convenience of work and the work ethic (business) are put back at their feet independently in the situation in which businesses are independent as "just business."*

*And a modern society of people who consider only their achievement or that of their company was born.*



*Additionally, although he believes that working faithfully, works and actions are aligned with his narrow world view and his unique occupation.*

*And as a result there has been a phenomenon that destroys society.*

*Although the number of people involved in the "Papers of Panama" and Volkswagen scandals increases, there is also good news;*

*The people of those entities who feel hurt, re-dedicated their effort to start a new business or volunteer, that somehow reestablish the world that is related to their occupation and culture, life, society and the neighbor.*

*Some companies also make a focused effort towards the social contribution of employee activity.*

*Thus, a company encourages social contribution activity through the monthly beautification of the street. However, the number of companies that fulfill this social function is still a minority.*

*And in an age when a person is unhappy in his occupation (business, profession, work), he ceases to be human, and if the situation is abandoned, decay ensues.*

Takashi Uchiyama<sup>11</sup>

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<sup>11</sup> Translator's Note: I have tried to approach a faithful translation, however some concepts and metaphors I have had to adapt them in order to create a consistent reading flow.

I also believe that it is appropriate to offer more data of this philosopher and in particular of a web page that extends even more the readings that Master Koichi Kimura offers us on the different attributions of work of the human brain and especially in the thing related to the happiness. Thus, to know more about the work of this Japanese philosopher and many other related authors, you can go to the ISHES website (The Institute for Studies in Happiness, Economy and Society <http://ishes.org/en/>) which motto is: "A WEBSITE TO THINK ABOUT LEFT-BRAIN HAPPINESS ... AND FEEL RIGHT-BRAIN HAPPINESS".

In addition, an interview with this Japanese philosopher, can be followed in a page related to the previous one: [http://www.japanfs.org/en/news/archives/news\\_id035089.html](http://www.japanfs.org/en/news/archives/news_id035089.html) which motto, also is striking and related to the subject From the column of Master Koichi Kimura: FOR A HAPPY SUSTAINABLE FUTURE. INITIATIVES FROM JAPAN TO THE WORLD.



# Leftware

Again, let's look at the table on Page 14 because this table lists many techniques or systems that are required to manage or control or can be used in any other way in the company. Of course they are not all that they are, but most of them are, and we must always consider it a living table and in continuous adaptation.

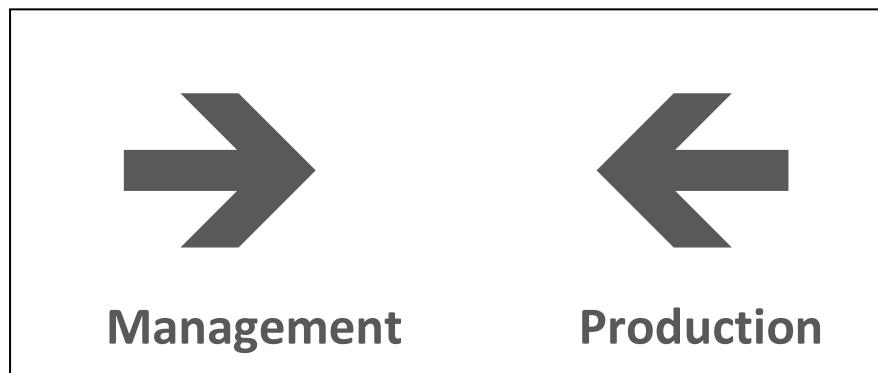
Please understand that there are many techniques and tools. These tools, used in the right proportion and in the right way, provide an understanding of the company's situation and generate avenues for improvement.

In the chart we can see that management techniques may not affect production directly, but they are important in Factory Management.

For example in the RIGHT part of the chart in the part of the Software is the Policy Control and this policy does not affect daily production directly, but yes to good management.

However, in the LEFT of the graph, there is the Industrial Engineering, which directly affects the mode of manipulation and rational racking of materials.

In the middle of the graph is TQM and TPS, which are affected by both points of view.



There are also two arrows. One has left and one right direction.

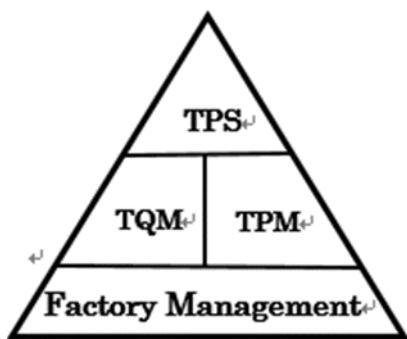
The more to the right are the tools, the more features associated with Management, have these techniques. And when more to the left is located the technique or tool, is associated more to the production.

In general, TPS, TPM, TQM, etc. Are understood as "Factory Management Techniques".

By the way, the TPS element is not the Toyota-Production-System, but TOTAL PREVENTIVE SAFETY (TPS), which focuses the company towards the participation of all the members in activities of prevention of health.

On the map there are also tinted elements in Dark Gray that are in the Leftware part. These elements are those established, in my opinion, within the Basic Factory Management.





I have explained the relationship of the elements of basic factory management and other tools in the attached TPS pyramid.

Although, when I read the Factory Management, I compare it best with a fabric in which weaves and warps are interlaced.

If we imagine that the Wefts are the elements of the basic management of the factory and the Warp are the Tools of Factory Management. Both elements, weaves and warps are crossed as in a loom, one with another to form the Total Management required by the company.

Cloth shown in the figure on the next page, is not only made up of WARPS – Vertical ⇧, but also by WEFTS – Horizontal ⇋.

The Tissue that has just Warp is weak although the Plots are Strong, so also "A chain is as strong as the weakest of its links".

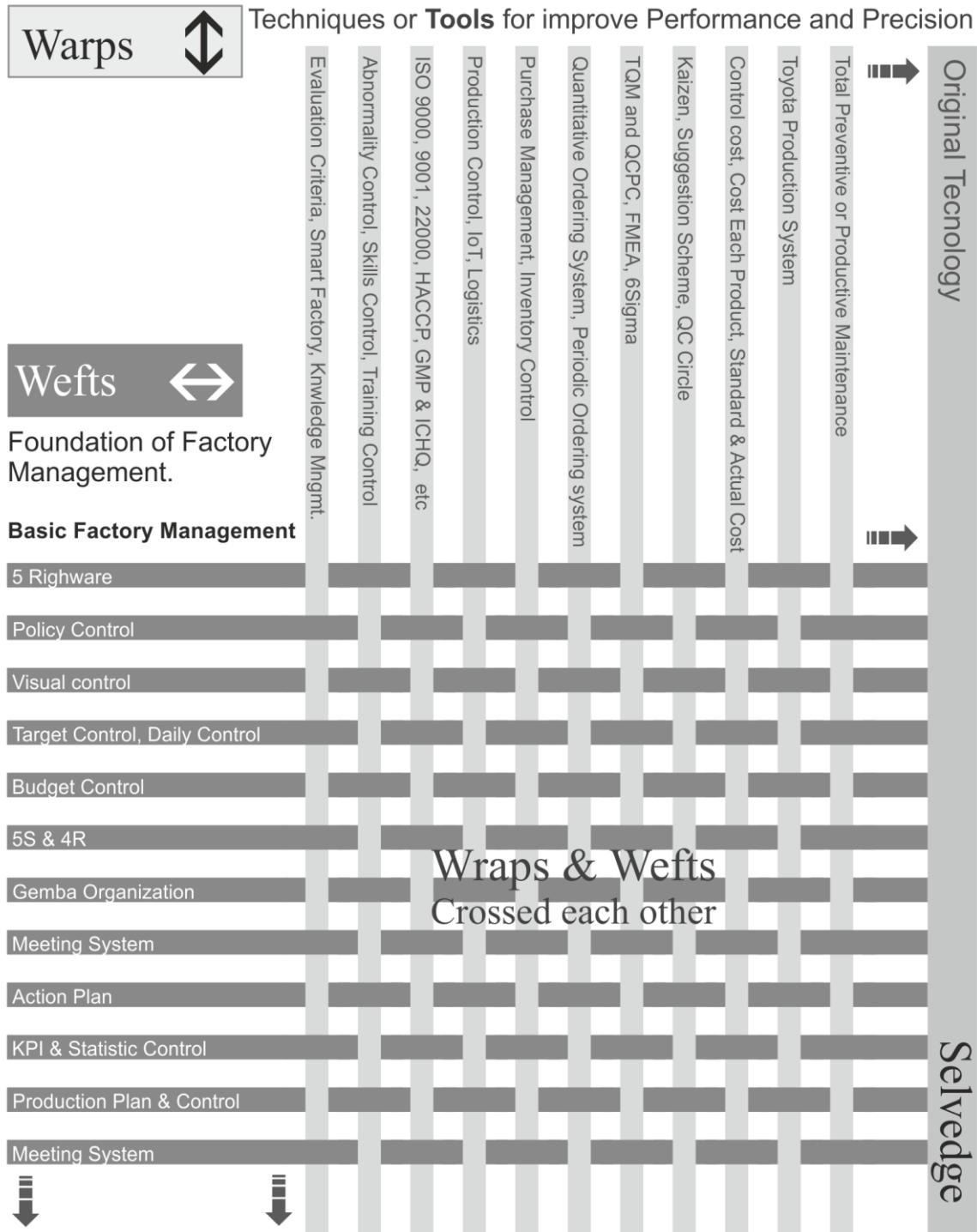
It can be understood that no technique or tool (Weft ⇋) can be established or fixed in the long term if there is no factory management (Warp ⇧). All tools are related to the elements of the basic factory management.

We have all heard and seen cases of failed introduction of TPS (Toyota Production system). These failures are due to the absence of Corporate Constitution or Rightware added to the lack of consideration of the tools of Factory Management: → or the Warp ⇋. Without these bases it is impossible to stabilize TPS, TQM, TPM or any other Lean system.

Therefore, and as a first step, I strongly recommend establishing the Basic Factory Condition, before attempting to establish any other system or tool.



# The Cloth of Management v1.0



## Final Summary and Content Advance

In this series I have described the factory management and Rightware elements and the Factory Basic Management. I have also described how the wefts and warps of Leftware and Rightware are woven to achieve a Basic Factory Condition.

There is no doubt about the importance and positive effects of the TPS, TQM, etc. techniques. All these techniques are part of the Leftware and are part of the field of theory. But these theories are driven by "people" and the Operative System should guide those people is Rightware. At least as long as artificial intelligence can replace us.

On next lectures I will describe each of the elements of the factory management and the elements of the Control Policy, in Japanese: Hoshin-Kanri (Eng. Policy control).

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## Leftware

Original Technology	PM	KAIZEN	Quality Assurance System	Motivation	Standardization	Material Control	Quantitative Ordering System	Production Plan	Sales Management	Cost Control	Gemba Organization	Budget control	Daily Control	Policy Statement
Process Analysis	PM Autonomous	Suggestion Scheme	QC	Safety Control	Abnormality Control	Machine Control	Periodic Ordering System	Production Control	Purchase Management	Cost each Product	Action Plan	Meeting System	Data Gathering	Policy Control
Work Sampling	SMED	Group Activity	QC 7 tools	QC Process Diagram	Training & Education Control	Gemba Visit	SCM Safety & TPS	Progress Control	MRP	Standard-Cost vs Actual Cost	Committee Activity	WAIGAYA	KPI	Target Control
Performance Analysis	TPM & TPM	QC Circle	Inspection system	TQM Diagnosis	Skills Control	Inspect support	Logistics	Delivery Control	ERP	Efficiency Control	Project Management	Accounting support	5S & 4R	Visual Control
Time Study	Machine Management	Safety & TPS	System Diagram	Factory Diagnosis	Evaluation Criteria	ISO9000 ISO9001	ABC Analysis	Inventory Control		6Sigma			IoT	
Standard Time	Work Design	TPS	Function Deployment	TQM	Smart Factory	HACCP								
Line Balance	Purpose Deployment	Heijunka	FMEA	Potential Problems Map	Knowledge Management	GMP & ICHQ								
Cell/Line & Production	Ideal System	Kanban	QA MAtrix	Process Mapping		ISO22000								
Man-Machine Diagram	Process Design	TOC	QCPC											
	Lay-Out	QRQC QRKA												
Industrial Engineering	Industrial Engineering	Jishu-Ken												

Leftware - Production Tech & Tools

Leftware - Management Techniques



Corporate Constitution